

Toward Review and Refinement

*A Brief to the Minister of Education
Regarding Education Funding*

December 4, 2007



Ontario Catholic School
Trustees' Association



Ontario Catholic School Trustees' Association

OUR MISSION

Inspired by the Gospel, we provide leadership, service and a provincial voice for Catholic School Boards in promoting and protecting Catholic education.

OUR VISION

In keeping with our Mission, the Ontario Catholic School Trustees' Association:

OPERATIONAL VALUES

- **Embodies** and promotes the values and traditions of our Catholic faith in all Association activities.
- **Respects** the principles of democratic and accountable governance.

POLITICAL ADVOCACY

- **Protects** the constitutional right of the Catholic community to govern, control and manage Catholic schools.
- **Promotes** education in our province that reflects the Catholic principles of social justice.
- **Advocates** for government recognition of the distinctive nature of Catholic education.
- **Advocates** for provincial policy, legislation and funding support that enable Catholic boards to provide quality Catholic education.
- **Influences** the strategic and political direction of the Ontario government and opposition parties regarding issues that impact Catholic education.

INFORMATION & SERVICES

- **Provides** faith formation and professional development resources and opportunities for its members.
- **Provides** to member boards information and services that recognize their diverse circumstances and needs.

COMMUNICATIONS & PUBLIC RELATIONS

- **Develops** effective structures that enhance communication and working relationships among OCSTA and its member boards.
- **Communicates** with member Boards and Catholic partners regarding relevant educational issues and OCSTA activities.
- **Promotes** public understanding of and support for Catholic education.
- **Celebrates** and **highlights** Catholic education's significant and continuing contribution to Ontario society.

PARTNERSHIPS

- **Stimulates** ongoing visioning of how Catholic education partners can collaborate to serve the interests of Catholic education.
- **Builds** significant partnerships within and beyond the Catholic community in support of Catholic education.

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INTRODUCTION

The Ontario Catholic School Trustees' Association (OCSTA) was founded in 1930. It represents 29 English-language Catholic district school boards and five English-language Catholic school authorities. Collectively, these school boards educate over 600,000 students from junior kindergarten to grade 12.

Inspired by the Gospel, the Mission of the Ontario Catholic School Trustees' Association is to provide leadership, service and a provincial voice for Catholic school boards in promoting and protecting Catholic education.

Annually, OCSTA submits a brief to the government with recommendations for improvements to the funding of education. Recommendations are made on the basis that the education funding system in Ontario must respond to four essential principles:

Equity -- A funding formula must distribute education dollars equitably among all Ontario school boards and their students;

Adequacy – The level of funding for education must be adequate to ensure quality education for today's students;

Autonomy/Flexibility – The model must allow school boards the autonomy and flexibility in spending they require to achieve the distinctive goals of their system, and to meet local needs; and

Accountability – The educational funding model must include mechanisms that ensure the appropriate degree of accountability for all parties and transparent processes and reporting mechanisms to support efficient and effective use of educational resources for students.

OCSTA welcomes the actions taken by the government in 2007/08 to improve the funding of education in Ontario. Many of the government's initiatives respond positively to recommendations made by OCSTA. Such actions have included:

- The overall increase in the 2007-08 GSN's of some \$963 million, including some \$781 million originally announced in March and a further \$182 million announced in August, 2007. The total GSN funding in 2007-08 is almost \$18.5 billion.
- An announcement of an additional \$200 million in funding outside the GSN's to support initiatives related to the Literacy and Numeracy Secretariat, Student Success, Official languages in Education, MISA, New Teachers Induction Program, Parent Engagement, Safe Schools and Aboriginal Education.

- a Program Enhancement Grant, at \$7,500 per school, to support a variety of arts, music, physical education and outdoor education programs, either new or existing.
- A new First Nation, Métis and Inuit Education Supplement of some \$10.5 million to assist in funding Native Languages programs, Native Studies courses and to assist boards with a higher estimated proportion of First Nations, Métis and Inuit students.
- A new Supported Schools allocation to assist remote and small Elementary and Secondary schools with additional teachers and enhanced funding through the School Operations and School Renewal grants.
- The announcement of increased funding to a variety of new and existing funding programs to meet the capital needs of existing and future schools, new and renovated.
- The mid-August announcement provided additional funding for more vice-principals, increases to school operations and maintenance, additional support to Education Assistants and increases to a number of the benchmarks to more accurately reflect the cost of support workers, secretaries and supply teachers.

A Matter of Urgency

Notwithstanding these laudable initiatives and funding increases, school boards continue to experience financial problems. Several Catholic school boards have struggled to produce a balanced budget this year. Some boards will be faced with year-end deficits; many others are predicting deficit budgets in future years. Declining enrolment, now the reality for almost every board in Ontario, further exacerbates boards' financial challenges and is undoubtedly one of the most urgent issues to be addressed in the coming months. One time measures used to achieve a balanced 2007-08 budget, such as the draw down of diminishing reserves, deferral of required building maintenance, deferral of hiring for open staff positions and the reduction or flattening of non-staff budget lines will not be available in the future for many school boards. The additional funding announced in August assisted struggling boards with some of their financial burden but as one Director of Education put it recently *"The increased funding will not fundamentally change any of the decisions we made in arriving at 2007-08 budget but will only serve to soften the blow by reducing staff reductions"*

The urgent need for further refinements to the funding model for 2008-09 is clear. The August announcement indicated that a review of the funding model is planned by 2010. However, unless the benchmarks are updated immediately to align them more closely with actual costs incurred by school boards, many boards will be in further financial difficulty before that time.

There has not been a comprehensive update to the benchmarks since the formula's introduction in 1998. This historical under funding must be addressed immediately.

We have previously indicated, on many occasions, our support for the present funding model. We do not think it is broken nor do we wish to see it scrapped and replaced with a new, unspecified model. We do strongly feel that enhancements and refinements to the present model are required. A review should occur immediately, in order that improvements to the model can be introduced as soon as possible.

OCSTA appreciates the consultation opportunities that have addressed some individual grants but believes that consultation can become more meaningful and effective with the establishment of an on-going provincial advisory committee that could provide the government with regular and appropriate feedback on the effectiveness of the funding formula as a whole.

In any amendment or changes to the funding model, it is essential that the principles of equity, flexibility, autonomy, adequacy and accountability prevail. The funding formula must provide equality of educational opportunity for all students across Ontario.

DECLINING ENROLMENT

Almost every school board in Ontario is experiencing some degree of declining enrolment. A recent survey of OCSTA member boards indicated that only two boards did not have declining enrolment in the elementary panel. Declines are particularly evident at the JK/SK intake level. This problem will only get worse as this smaller cohort progresses through the system.

It is essential that school boards have the most current, accurate and localized demographic and enrolment information available if they are to plan effectively and efficiently for the future. Accessing the professional assistance and skills necessary to secure and analyze such information can be difficult and costly for school boards, particularly smaller boards outside large urban centres. Ministry of Education assistance would be invaluable to boards seeking up-to-date enrolment projections. The Ministry could also provide a provincial template to help boards analyze demographic data in a consistent and productive manner.

The GSN's are primarily enrolment driven and even small declines in enrolment have a severe negative effect on revenues. Unfortunately, board expenditures do not follow the same pattern, as they tend to be fixed within certain blocks. Even though there may be enrolment declines overall in a board, the decline at the school level is often less dramatic and does not allow boards to reduce school based expenditures (principally teacher/support staff salaries) to the same degree and in the same time cycle. The problem of reacting at the board office is even more difficult as many of these centralized expenditures are fixed within broad enrolment numbers. It is difficult to adjust transportation services, for example, as bus routes and their costs remain relatively fixed.

The School Foundation Grant and the new Program Enhancement Grant ameliorate some of the effects of lost pupils, as they are not enrolment dependent. There has also been partial relief for declining enrolment in the GSN's, particularly through the Declining Enrolment Adjustment grant. This assistance, however, is not complete and is short lived. Consideration must be given to technical changes to this grant that would recognize in a more realistic way the effects of an enrolment decline on a board's revenues. The present determinant for eligibility for the grant, for instance, is based on an overall decline in a board's total (elementary and secondary) ADE. In fact, most boards are experiencing a decline in their elementary panel while they have no decline or even an increase in the secondary. This has a significant effect on the amount of declining enrolment grant a board will receive. Consideration should be given to calculating the declining enrolment grant on a panel-by-panel basis, rather than on the total enrolment basis currently in use.

In 2005-06, the government provided additional one-time funding of some \$53 million to support boards facing difficult declining enrolment circumstances while a fuller policy review was to be undertaken. This assistance was not renewed in 2006-07 or 2007-08 despite an overall decline of some 25,000 pupils (ADE) and the continuation of boards' difficulties. There have been no new policies introduced during this period.

In the 2002 Technical Paper, it was acknowledged that *“The issue of declining enrolment will become more important over the next few years, since the rate of overall enrolment growth is slowing and many more boards are projected to show enrolment declines in the rest of this decade”*. This prediction has come true for many boards sooner and more severely than might have been anticipated in 2002. The temporary and transitional measures that were previously introduced assisted boards for one or two years but what is needed now is a longer term solution to this serious problem. School boards and the Ministry must together address the long term effects of the growing phenomena of declining enrolment. They must find a way to soften its blow and allow boards to react to it within a more reasonable time frame. OCSTA recommends the creation of a task force comprised of Ministry and school board personnel to examine all aspects of this matter and formulate recommendations that will address school boards’ concerns.

Enabling school boards to close and/or consolidate schools in an efficient fashion allows some short-term relief to boards coping with declining enrolment. The Pupil Accommodation Review Guidelines, though onerous in administrative requirements, will enable some boards to eliminate the unnecessary operating costs associated with keeping low-enrolment schools open. Unfortunately, some of the other difficulties resulting from enrolment decline and excess capacity remain.

Recommendation 1

- a. That the Ministry of Education immediately convene a task force comprised of school board officials, Ministry of Education personnel, personnel from other provincial Ministries and related organizations as needed to examine the impact of declining enrolment in school boards across the province and recommend long-term strategies for dealing with this issue.**
- b. That all provincial strategies designed to deal with declining enrolment realities respect the legislative and constitutional framework for education in Ontario, which includes public, Catholic, French-language and English-language school boards.**

Recommendation 2

That the Ministry of Education provide additional relief to school boards facing declining enrolment by enhancing the Declining Enrolment Adjustment grant until such time as the Task Force can report to the Ministry and long term solutions can be implemented.

EMPLOYEE COMPENSATION BENCHMARKS

The funding for employee compensation is an extremely serious issue for school boards across the province as salaries make up over 80% of board's operating expenditures.

Employee Salaries

In its 2005 brief "*A Time of Opportunity*", OCSTA emphasized the concern about the gap that existed between the actual cost of salaries, particularly teachers' salaries, and the funding provided for them. This gap had grown significantly since the introduction of the present funding system in 1998.

OCSTA was pleased that the government acknowledged the existence of the salary gap and took significant steps to address it in the 2006-07 year's GSN's. The teacher salary benchmarks were increased by 8.3% in 2006-07 and by a further 3% to meet this year's cost of the labour framework agreement.

OCSTA has expressed its concerns about the funding of increases to the salary benchmark through the realignment of grants, chiefly the Local Priorities Allocation and the Learning Opportunities Grant. The former was eliminated and the latter significantly reduced.

The elimination of the Local Priorities Allocation decreased funding flexibility and school boards' ability to fund programs that are not otherwise funded or not fully funded by the GSN's. This is problematic for Catholic school boards, who often use a portion of this grant to support distinctively Catholic programs such as chaplains, faith animators, student retreats, or faith formation for staff. The loss of this flexibility puts the funding of these programs and services in jeopardy.

The decrease in the Learning Opportunities Grant affected boards to different degrees. For some boards, the realignment had a negligible effect and the transfer to the salary benchmarks was revenue neutral. For other boards, particularly large urban boards, the reduction in LOG was severe and was not fully compensated by the transfer to salary benchmarks. This produced a negative impact on programs for at-risk students. Some boards continue to have a salary gap and have lost LOG revenue as well and thus have certainly been disadvantaged in the process.

The impact of this re-alignment points out the difficulty of attempting to fix flaws in the funding formula through transfers from one grant to another. Such transfers are particularly problematic when monies are transferred out of a special purpose grant. Attempts to address outdated benchmarks within the Foundation Grant through increases to Special Purpose grants will produce inequitable results, as Special Purpose Grants are not equally distributed to school boards. An on-going provincial advisory committee, as recommended later in this brief, could assist the government in monitoring the overall impact of changes to any part of the funding formula.

The updating of salary benchmarks to better reflect actual costs is a positive step. It is critical that these benchmarks are regularly reviewed and maintained to ensure that significant gaps between costs and funding do not re-occur.

Teacher Qualifications and Experience Grant

The Teacher Qualification & Experience (“Q & E”) Grant provides funding to offset the cost of teachers who, because of their qualifications and experience, have salaries above the benchmark level used in the Pupil Foundation Grant. There are several other categories of teachers, however, funded not through the Foundation Grant but rather through special purpose grants, that are not recognized for Q & E purposes. Since many of these teachers are senior and have higher than average qualifications, their salary cost is higher. To the extent that the salary cost is greater than what is funded through the special purpose grant, there is a gap or shortfall in funding. The criteria that is being used to determine those teachers eligible for Q & E funding should be amended to include all qualified teachers, regardless of their funding source.

Average Secondary Credit Load

A problem not yet fully addressed is the failure within the formula calculations to reflect the actual number of teachers required at the secondary school level. Funding for the average credit load was improved to 7.5 credits but does not yet recognize the actual number of credits provided by school boards. In 2002, the Education Equality Task Force (EETF) noted that over 50 school boards reported average credit loads of greater than 7.5. Since that time the four year secondary program has been implemented. Boards that have an average credit load in excess of 7.5 face higher costs to employ additional teachers. These costs are not recognized for funding purposes.

Recommendation 3

That the Ministry of Education take steps to ensure that the provincial funding model for 2008-09 and future years reflects the actual cost of employees’ salaries, includes funding under the Cost Adjustment and Teacher Qualification & Experience Grant for all teachers, and funds the number of secondary teachers required to provide the actual number of credits being taken.

Employee Benefits

Employee benefits are proportionately more under-funded than salaries. In 2002, the government funded benefits at 12% of salary for teaching staff and 15.7% for non-teaching staff. At that time the Education Equality Task Force reported that updating of benchmarks to meet costs would require a change in rate to 13.1% for teaching staff. The rate for non-teaching staff would have to be improved to 19.2%. The 2006-07 GSN's decreased the percentage for teaching staff from 12% to 11.1% of salary and for non-teaching staff from 15.7% to 14.8%, and the 2007-08 GSN's maintained these levels. As a result, the gap between benchmarks and costs remains at the 2002 level and possibly higher. A recent survey conducted by OCSTA of its member boards indicates that the percentage of benefits to teacher salaries is well in excess of 11.1% and in excess of 14.8% for non-teachers.

Employee groups want boards to insure the cost of services that were previously covered in whole or part by the Provincial Health Care funding but have now been either eliminated or reduced e.g. Optometry, Physiotherapy, and Chiropractic services. One benefit consultant recently reported *"For many years employers have been watching their drug plan costs grow at a pace well beyond the general rate of inflation"*. They further noted that *"Although the challenge for employers to successfully strike the balance between controlling costs and providing a comprehensive program for employees is not new, it becomes further complicated by broader environmental issues"*.

Concerns have also been expressed as to the possible negative effect that might occur in the future as employees stay beyond the current retirement age. This is more likely to occur given the changes to the law regarding "mandatory retirement. An aging workforce could increase the incidence of certain health benefits and contribute to an increase in overall costs.

It must be noted that board costs for employee compensation are increased when more employees (relative to student enrolment) are required in response to implement government initiatives. The negative effect of any funding benchmark shortfalls is multiplied. All of these factors strengthen the argument that benchmarks for employee benefits need to be updated annually to better reflect actual costs.

OCSTA is pleased that the Ministry has acknowledged the need to update the benefits benchmarks and as a first step, set aside up to \$50M to support this update.

OCSTA and our member boards would be pleased to assist the Ministry in any way possible to ensure that the necessary refinements are put in place as soon as possible.

Recommendation 4

That the Ministry of Education review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to fund the current costs of employee benefits.

SPECIAL EDUCATION

OCSTA appreciates the significant improvements to the funding of Special Education that have been made since 1998. In 2007-08, the GSN's initially provided an additional \$25 million to help children with special needs. The mid-August announcement provided a further \$19 million to increase the Special Education Per Pupil Amount (SEPPA) In addition, there is a promise of a further \$10 million in 2008-09. Grants for Special Education now total almost \$2.1 billion. Many school boards, however, continue to express serious concerns about the on-going gap between the cost of current programs and services for students with special needs and current funding levels. Most boards have identified the under funding of Special Education as one of the most serious problems they are facing in 2008-09.

Method of Determining Allocation

OCSTA supports a layered approach to Special Education Funding. The current practice of providing grants through the Foundation Grant and supplementing these with a separate and protected Special Education Per Pupil Amount (SEPPA) grant to assist in provision of services and programs for students with special needs must be maintained. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to better reflect real board costs, particularly at the secondary level. Boards also require resources to refresh and replace the specialized equipment required by some students, throughout their academic career, but funded only on a one-time basis. Although the gap between elementary and secondary SEPPA funding has now been narrowed, it has not been closed sufficiently to recognize the cost of on-going services that must be provided to very high-needs students throughout their academic career.

Separate funding is also provided to boards for students with high needs who require more costly special education services, including teachers, education assistants and other support. The amount of this allocation varies from board to board based upon the number of these students. Previously a very complex and time consuming administrative procedure had been engaged regularly by school boards to justify their entitlement. Boards are pleased that the complex and time-consuming administrative procedure previously required to secure funding has been eliminated, but are concerned that the current enrolment-based high needs amount is not structured to respond to changing incidence. It cannot be assumed that a decline in overall enrolment means a similar decline in numbers of high needs students. It is essential that a review process be developed to track changes in incidence and adjust funding accordingly on a regular basis.

Recommendation 5

That the Ministry of Education continue to allocate funds for Special Education through a layered process that includes the Foundation Grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs.

Recommendation 6

That benchmarks within the SEPPA allocation be reviewed and updated to more closely reflect actual board costs, particularly at the secondary level.

Recommendation 7

That the Ministry of Education develop a research/review process to confirm the validity of, or track changes in rates of students with high needs in order to inform future funding decisions.

STUDENT TRANSPORTATION

Transportation services are very important for children in the Catholic school system. In general, a greater proportion of Catholic school students than public school students depend on transportation services to gain access to their local school. Catholic schools tend to serve larger areas as there are fewer of them. Because of this greater need for transportation services, Catholic District School Boards generally allocate a greater proportion of their budget for transportation than do their coterminous District School Boards.

OCSTA welcomed the increase in funding for student transportation included in the 2007-08 grant announcements. Boards received \$15 million to assist them in dealing with increased fuel costs for the 2007-08 school year. There was a further \$3 million for boards with increased enrolment as well as \$1.5 million for school bus safety programming.

Transportation Consortia

The Ministry has mandated transportation consortia. OCSTA continues to be concerned about the strict and prescribed guidelines within which transportation consortia are to operate. We have previously addressed this issue in our letters of June 28, 2006 and September 27, 2006 to the Minister of Education. Our concerns were heightened by the release of the four “Efficiency & Effectiveness Reviews on Transportation Consortia” in April, 2007. Some of the recommendations within these Reports have raised further issues, particularly in regard to the future direction of transportation policies and practices.

Catholic boards have for many years cooperated with their coterminous boards in delivering transportation services. Considerable cost-savings have been achieved, for the most part by reducing the number of buses on the road. Even some of the very successful cooperative arrangements presently in place, however, do not meet the narrow criteria for consortia outlined in 2006: SB: 13. OCSTA strongly believes that the definition of consortia must be broadened to include a wider range of cooperative transportation ventures. We also believe that the same opportunity currently afforded to French-language boards to seek Ministry approval to deliver transportation independently should be made available to English-language boards who believe they can meet a provincial standards for efficiency and effectiveness outside a formal consortium.

Also released in mid-August was Memorandum 2007:SB16 – Student Transportation – Cost Study Funding Enhancements. This memorandum incorporates the results of the Cost Benchmark Study, which established a cost benchmark for the operation of a 72 passenger school bus. The study and the resulting funding adjustments are intended to assist school boards and school bus operators in the negotiation of school bus contracts. At this time, we are unable to fully evaluate the benefits that might accrue from the Cost Study as boards are still in the process of submitting to the Ministry accurate 2006-07 contract information. A preliminary conclusion has been reached by some, however, that school boards will accrue little real financial benefit from this initiative. This matter requires further review once all of the relevant facts have been determined.

Catholic School boards share the Ministry's concern for cost effectiveness and are prepared to work cooperatively with their coterminous public boards to examine all means to meet most efficiently the transportation needs of students across Ontario. No board should be required, however, to adopt measures that would result in that board incurring higher transportation costs, unless these costs are offset by increased transportation grants.

Recommendation 8

That the Ministry of Education review and refine its transportation reform policy,

To make clear the continuing authority and autonomy of school boards to establish policy regarding student transportation within their jurisdiction;

To broaden the definition of acceptable transportation consortia to include a spectrum of cooperative transportation arrangements;

To enable English-language boards that meet the provincial standard of efficiency and effectiveness to continue to deliver transportation services independently; and

To include the right to withdraw from a consortium as the final step in the dispute resolution process.

Transportation Funding Model

OCSTA is very concerned that neither E&E Review Reports nor current Ministry documentation and discussion indicate that a new funding formula for student transportation is currently under consideration. It would appear that for the foreseeable future the funding adjustments to a school board's transportation allocations will only take place after an E&E review is conducted on the relevant transportation consortium. Regardless of their transportation needs, any English-language board that does not belong to an approved consortium is ineligible for funding increases tied to the E&E review. Boards who do meet consortium standards are not treated equally, as those reviewed first are eligible for an increase in base funding one or more years before those reviewed in a later cycle. This is a significant deviation from previous Ministry practice and policy.

A new formula for funding student transportation must be found that will provide sufficient funds to ensure a reasonable level of service and allocate those resources equitably. The formula must treat school boards and students in similar circumstances in a similar manner.

Prior to 1998, many Catholic school boards sought correction to the provincial transportation funding formula, which was based on a flawed 1996-97 grant base and provided funding at far too low a level to meet their transportation needs. The provincial education funding formula that was introduced in 1998 did much to promote equity for students across Ontario but did not revise the transportation component of the formula.

Catholic school boards have been struggling for many years to maintain adequate transportation services with far less than adequate funding. Now, boards find themselves in an even more precarious situation due to unstable fuel prices. The gap between costs and revenue is growing, adding to boards' overall financial woes.

Any new transportation funding formula must take into consideration a number of issues. Particular attention must be given to adequate funding for transportation of students with special needs, which is unique and expensive. Because it does not fit into the general transportation mode of a school board, this specialized transportation can often distort the board's overall transportation costs. There is currently no special funding for these services. Consideration must be given to these special needs when developing a new transportation funding formula.

Differences in student transportation needs must be recognized whether boards are in the same jurisdiction or in different parts of the province. A local priorities component of transportation funding would allow boards the flexibility to provide transportation for specialized schools or to implement policy variations in walk distances as required to meet local circumstances with respect to safety.

Meeting student transportation needs in the future will be particularly challenging in light of the international pressures on fuel costs. In light of volatile fuel prices and fuel escalation clauses in many boards' transportation carrier contracts, there is a critical need for a mechanism which adjusts the cost component of the transportation grants on a more responsive basis than currently is the case.

Steps must be taken now to prepare for a reformed approach to transportation funding which is true to the underlying principles of equity, adequacy, autonomy/flexibility and accountability that are shared by OCSTA and the Ministry of Education

Recommendation 9

That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation, including transportation for those with special needs.

CAPITAL

The 2007-08 GSN's continue initiatives that will enable school boards to fund new schools or renovations, manage existing capital debt and encourage transfer of surplus schools to coterminous boards. These initiatives include Stage 3 of Good Places to Learn, Prohibitive to Repair allocations, Primary Class Size capital, Growth Schools capital funding for French-language boards as well as funding under the New Pupil Place grants and School Renewal grants. The Ministry has also announced its intention to establish a provincial vehicle to provide school boards with long-term financing.

The mid-August announcement indicated a change in the provincial regulations to include, as part of a board's total capital debt commitment, a board's lease commitments for instructional spaces that existed as of August 31, 2005. Other technical changes were announced as part of the mid-August funding enhancements to the Growth Schools capital program and the Primary Class Size capital program.

OCSTA and its member boards welcome these announcements and look forward to working with Ministry officials to provide school facilities that meet the needs of local communities. It is our hope that, taken together, these initiatives will be able to address the capital backlog, reduce the number of portable classrooms being used for other than temporary purposes and provide support for the capital needs of provincial initiatives, including the mandated reduction in Primary Class Size. We are also hopeful that the Good Places to Learn Grant, in its third and final stage in 2007-08, will be extended to meet the remaining and additional renewal needs of school boards.

In 1998, the Ministry of Education introduced a comprehensive, objective and transparent formula-based capital funding model that in a predictable and stable manner, provided for, local decision making and local priorities. It gave school boards the ability to generate and manage their capital projects, based on their assessment of local needs.

In recent years changes have been made to the original capital funding program, that have negatively impacted school boards' ability to build additional facilities. Boards can no longer qualify for higher capital grants by removing from their facilities inventory schools that have been closed.

Declining enrolment, more serious than originally anticipated, has further fractured a board's ability to access capital grants under the New Pupil Place grants. In order to be eligible for Growth School grants, a board must already be in debt and have the pertinent school project included in their Education Development Charges By-Law.

Although boards are now required to submit business cases for Growth Schools, Prohibitive to Repair and Replacement School funding, there is no clear and objective criteria whereby they may determine their eligibility for these grants. Boards have expressed concern about a lack of transparency in the provincial decision making process as to the determination of these grants.

Despite the number and variety of facilities grants that have been put in place, these do not address all of the capital needs of school boards. It is essential that the overall plan and process of capital funding for school boards be re-assessed by the Ministry, in consultation with school boards. Such a reassessment should identify concerns and gaps in the current program and explore a variety of possible approaches to best meet boards' capital needs. A review area approach to the determination of the New Pupil Place Grant, for example, is one option that should be studied.

Recommendation 10

That the Ministry of Education in consultation with school boards, undertake the design of a coordinated, transparent and objective capital funding program that addresses the needs of both growth schools and older existing schools and works efficiently and effectively for both the Ministry and school boards.

There is a need to bring all school facilities to a minimum provincial standard that fully addresses health and safety considerations, current jurisdictional requirements, accessibility standards and the demands of various Ministry programs. School Renewal funding must be enhanced to provide adequate funding to meet these needs.

Currently, many boards are facing large, unexpected and unbudgeted costs related to the need to flush lead from water pipes. These costs are the result of new rules imposed upon boards this summer regarding the allowable level of lead in water in schools. The costs are related to the amount of staff time, record keeping, testing and administration required and amount to hundreds of thousands of dollars per year for even mid size boards. Boards require immediate assistance in 2007-08, as well as ongoing annual funding to offset these costs.

Changes in legislation governing asbestos now treats non-friable materials in the same way as it does friable materials. The removal of ceiling and floor tiles, for instance, now requires more specialized treatment, i.e. the refuse must go to approved landfill sites and protection must be in place during the removal process. The net result of the new requirements is that the cost of replacement tiles has quadrupled. While the health & safety effects of the changes in the law are admirable, boards do not have the additional funding required to cover the increased costs.

Recommendation 11

That the School Renewal Grant and/or the School Operations Grant be reviewed and refined to provide the funding necessary to ensure that all schools meet minimum provincial standards for health, safety and accessibility, the demands of all government approved programs and local jurisdictional requirements.

The benchmarks inherent in the capital funding model have not increased substantially since 1998. In addition, there has been a 5% reduction in the Geographic Adjustment Factor. There is a need for the capital funding formula to recognize diverse and rapidly changing construction costs in various regions of the province. Several northern boards have identified problems with the current model related to the unique and peculiar geographic challenges of those areas. Older urban boards must deal with higher construction costs associated with, among other things, elimination of existing structures and building underground parking facilities within limited site space. There is a need for a mechanism to adjust the benchmarks on a regular and timely basis and recognize the regional differences of school boards' capital requirements.

Recommendation 12

That the benchmarks utilized in the calculation of funding capital programs be regularly updated and adjusted to reflect inflation and rapidly changing construction costs and to recognize variations in construction costs across Ontario.

SCHOOL BOARD ADMINISTRATION

In 1998, when the present funding model was introduced, there was a significant reduction in the funding of Board Governance and Administration expenditures. Boards have struggled since then to operate within their administrative allocations and have reduced administrative positions significantly. Funding available for administration was further reduced in 2006-07 when, as part of the realignment of grants, the Local Priorities Grant was eliminated. Many boards had used some portion of this grant to finance the difference between their administrative expenditures and their administrative allocation. These funds are no longer available for this purpose.

Reduced funding flexibility and tighter spending restrictions for school board administration have been put in place at the same time as administrative workload and cost pressures on the administration line have increased. School boards are facing increasing legal costs, including, for example around issues related to suspension and expulsion hearings and matters referred to the Ontario College of Teachers. Demands for information, particularly from the Ministry of Education, have increased. Many of the Ministry's reporting and accountability requirements, such as special education forms and pupil accommodation reports, call upon central office expertise, and, at times, school based personnel as well. Given current staffing levels, school boards, and especially small boards, find it increasingly difficult to handle information and data requests on a timely and efficient basis.

In order to function efficiently and effectively, school boards have become more reliant on information technology in all areas, both administrative and academic. Though a portion of the Foundation Grant provides funding for the latter, there is no specific grant IT for Administrative needs. Computer hardware and software quickly becomes obsolete and must be refreshed in order to maintain maximum efficiency. Although the cost of hardware has generally dropped over the years, the cost of sophisticated software programs, support and training has escalated. These costs must be funded from the board administration grant and have contributed to expenditure increases over the past few years.

A particularly significant example of the increased administrative burden that boards are now facing relates to MISA and OnSIS. School boards have been partially funded by the Ministry to begin the implementation of these initiatives. While boards see the benefits that would arise from the full implementation of MISA and OnSIS, they are concerned with the level of ongoing support and resources provided for these initiatives. The considerable demands on staff time associated with MISA and OnSIS are occurring at the same time that some boards, in order to balance this year's budget, have had to reduce their IT staff and programs. If boards are to complete the implementation of these initiatives within the required timelines, they will require additional assistance.

Another issue of concern to school boards is the lack of funding support for the repair and maintenance of administrative buildings. There is no room within the existing administrative envelope to cover the cost of major repairs to aging administrative buildings, nor do all boards have access to funds for this purpose as a result of the sale of existing administration buildings.

OCSTA believes that the formulae which generate the Administrative grant need to be reviewed to provide adequate funding for administration purposes. Refinements should include a declining enrolment provision to recognize the inability of school boards to downsize administration when relatively minor enrolment declines occur. The change to the base amount announced as part of the August 2007 enhancements is a welcome step in this regard.

There is also a need to re-consider the classification of administrative expenditures to ensure that they are fairly labeled and accounted for avoiding distortions in this budget area. Expenditures now classified as administration would more appropriately be charged to other areas of a board's budget. These would include expenditures related to legal fees for employee arbitration, legal and administrative costs related to special education tribunals, professional and legal fees incurred during employee negotiations, and legal and other costs incurred as a result of suspension and expulsion appeals.

Recommendation 13

That a systematic audit of provincially-mandated accountability processes affecting all aspects of school board funding be initiated to assess their efficiency, effectiveness and impact on board operations, and

That, following such an audit, the number and scope of accountability mechanisms and the funding benchmarks within the Administrative and Governance envelope be adjusted appropriately.

Recommendation 14

That the Ministry of Education provide school boards with one-time funding for technology upgrading as well as annual funding for ongoing technology upgrades and software maintenance and support.

Recommendation 15

That the Ministry of Education review the implementation of MISA and OnSIS with a view to amending the timelines to more attainable dates and providing school boards with additional resources for these programs.

TIMING OF MINISTRY ANNOUNCEMENTS

The initial funding announcements for 2007-08 were made in mid-March, 2007. This early announcement was welcomed by school boards as it enabled them to complete their budget process in the spring of 2007. This initial funding announcement was augmented by a subsequent announcement in mid-August which provided enhanced funding in a number of key areas. Although school boards welcomed this additional funding, its arrival before the opening of the 2007-08 school year limited the positive impact on school based operations it was intended to have. An announcement in March of the full package of funding for the next school year would give boards maximum flexibility in planning and best ensure that the province's goals are properly met on a timely basis.

Sufficient time between the announcement of funding changes and the deadlines for implementation of new programs and, most importantly, submission of boards' annual estimates, would allow administrators and trustees to properly determine the impact of changes on board operations. It would also provide adequate opportunity for other stakeholders, especially parents, to measure the effect of proposed changes, and where appropriate, have input on them.

Recommendation 16

That the government and the Ministry of Education make all announcements pertaining to the distribution of funds, whether operating or capital, in a timely fashion, to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and effective manner and that the announcements pertaining to the annual Grants for Students Needs be made not later than March 31st of the prior year.

PROVINCIAL ADVISORY COMMITTEE ON FUNDING BENCHMARKS

OCSTA appreciates the government's ongoing commitment to publicly-funded education and student success. We welcome the funding that has been provided to meet the government's priorities in primary class reduction, student success, and lower drop-out rates. Catholic school boards support these initiatives and are proud of the positive results they are achieving. As welcome as they are, however, these new allocations do not address long standing inadequacies in funding for basic programs and services already in place, such as transportation, special education and capital.

The vast majority of Ontario's Catholic school boards have filed balanced budgets for 2007-08. Boards have resorted to a number of one-time solutions to achieve a balanced budget, including the draw-down of reserves, reducing administrative, academic and support staff, deferral of maintenance and arbitrary expenditure reductions in non-staff areas. Having exhausted these band-aid measures, boards have expressed serious concerns about their ability to balance in the future. They are seeking provincial assistance in their efforts to provide students with the quality educational programs they require.

Although we support the creation of working groups to deal with specific education funding issues, OCSTA must continue to emphasize the value to the Minister and to education of an on-going provincial committee dealing with the education funding model as a whole. OCSTA shares the Minister's concerns regarding the impact of piecemeal refinements to the funding model since its inception and sees such a provincial committee as a viable solution to this problem. This provincial advisory committee, made up of representatives from local school boards, provincial associations and senior Ministry staff, would meet on a regular basis to review the funding formula and its benchmarks and provide recommendations to the Minister regarding appropriate refinements.

In 2002, the Education Equality Task Force recommended that the Ministry, in consultation with school boards and other members of the education community, develop mechanisms for annually reviewing and updating benchmarks in the funding formula. In the 2004-05 Technical paper, the Ministry committed to establishing such a process. The provincial advisory committee proposed by OCSTA could serve as the vehicle for such a review. The government has taken a number of significant and valuable steps in order to improve education and its funding. A provincial education advisory committee could provide feedback to the Minister with respect to the impact of these measures and the potential value of further steps in funding reform.

Recommendation 17

That the Minister of Education create a provincial advisory committee, including representation from provincial education associations and Ministry officials, to monitor the impact of the funding formula and provide on-going advice to the Minister on funding issues.

THE PROSPECT OF A RETURN TO A LOCAL LEVY

It continues to be recommended by some that local school boards be allowed to levy ratepayers in a limited way. This is proposed as the solution to school boards' current funding difficulties and the way to find new money for education without imposing a heavier burden on the provincial budget. OCSTA would strongly oppose a return to any type of local tax levy by school boards.

The introduction of the current funding model remedied the inequity of assessment wealth as a source of education financing. Prior to 1998, the greatest impediment to the achievement of equality of educational opportunity for Ontario's students was unequal access to assessment wealth by school boards. This inequality occurred on a geographic basis, because urban areas are assessment wealthier than rural areas, and on a coterminous basis, because, through the operation of the default mechanism in the assessment system, public boards are always assessment wealthier than Catholic boards, and English boards are always assessment wealthier than French boards. Because assessment wealth is not concentrated evenly across Ontario, some boards had a greater ability to generate wealth by levying mill rates than did other boards.

While financial autonomy was theoretically available to Catholic and French boards in the past because of their unfettered ability to levy rates, it was not practically available, since these boards needed to match local mill rates with the assessment-richer coterminous public and English boards in order to avoid an exodus of ratepayers. This inevitably yielded less revenue per student and denied equality of educational opportunity.

It should be noted that a return to local taxation would not relieve the Government's financial responsibility for education. The Government's stated legal commitment to equality of education opportunity would preclude a return to local taxation without full equalization by the province through the grant system. The fiscal burden for the government to equalize would be significant. If the province did not commit itself to full equalization, then there would be a return to the wasteful competition for local assessment that characterized the old funding model. Any money spent on the resumption of local taxation would be much better spent on education.

Recommendation 18

That taxation powers in regard to education remain fully within the mandate of the provincial government.

CONCLUSION

OCSTA appreciates the significant steps taken by the government in improving the funding of education for 2007-08. An opportunity now exists to correct shortcomings in the funding formula. Corrections must be made to the benchmarks to provide for alignment with actual costs. We believe that the review of the funding model should take place as soon as possible so that changes emanating from the review can be in place not later than the 2009-10 school year. Without these corrections many of our boards will not be able to develop balanced budgets without significant reductions in programs, services and personnel.

We express our strong support for the present funding model and would not want to see it abandoned. The funding model does require some refinements and enhancements and these should take place within the core principles of equity, adequacy, flexibility/autonomy and accountability.

OCSTA looks forward to working in partnership with the Minister, Ministry staff and other stakeholders in education on funding refinements and in particular on a provincial advisory committee on funding benchmarks. We urge immediate action in these endeavours.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

- a. That the Ministry of Education immediately convene a task force comprised of school board officials, Ministry of Education personnel, personnel from other provincial Ministries and related organizations as needed to examine the impact of declining enrolment in school boards across the province and recommend long-term strategies for dealing with this issue.
- b. That all provincial strategies designed to deal with declining enrolment realities respect the legislative and constitutional framework for education in Ontario, which includes public, Catholic, French-language and English-language school boards.

Recommendation 2

That the Ministry of Education provide additional relief to school boards facing declining enrolment by enhancing the Declining Enrolment Adjustment grant until such time as the Task Force can report to the Ministry and long term solutions can be implemented.

Recommendation 3

That the Ministry of Education take steps to ensure that the provincial funding model for 2008-09 and future years reflects the actual cost of employees' salaries, includes funding under the Cost Adjustment and Teacher Qualification & Experience Grant for all teachers, and funds the number of secondary teachers required to provide the actual number of credits being taken.

Recommendation 4

That the Ministry of Education review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to fund the current costs of employee benefits.

Recommendation 5

That the Ministry of Education continue to allocate funds for Special Education through a layered process that includes the Foundation Grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs.

Recommendation 6

That benchmarks within the SEPPA allocation be reviewed and updated to more closely reflect actual board costs, particularly at the secondary level.

Recommendation 7

That the Ministry of Education develop a research/review process to confirm the validity of, or track changes in rates of students with high needs in order to inform future funding decisions.

Recommendation 8

That the Ministry of Education review and refine its transportation reform policy,

To make clear the continuing authority and autonomy of school boards to establish policy regarding student transportation within their jurisdiction.

To broaden the definition of acceptable transportation consortia to include a spectrum of cooperative transportation arrangements;

To enable English-language boards that meet the provincial standard of efficiency and effectiveness to continue to deliver transportation services independently; and

To include the right to withdraw from a consortia in the dispute resolution process, as the final step.

Recommendation 9

That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation, including transportation for those with special needs.

Recommendation 10

That the Ministry of Education in consultation with school boards, undertake the design of a coordinated, transparent and objective capital funding program that addresses the needs of both growth schools and older existing schools and works efficiently and effectively for both the Ministry and school boards.

Recommendation 11

That the School Renewal Grant and/or the School Operations Grant be reviewed and refined to provide the funding necessary to ensure that all schools meet minimum provincial standards for health and safety and accessibility, the demands of all government approved programs, and local jurisdictional requirements.

Recommendation 12

That the benchmarks utilized in the calculation of funding capital programs be regularly updated and adjusted to reflect inflation and rapidly changing construction costs and to recognize variations in construction costs across Ontario.

Recommendation 13

That a systematic audit of provincially-mandated accountability processes affecting all aspects of school board funding be initiated to assess their efficiency, effectiveness and impact on board operations, and

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